

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0173-01
Bill No.: HB 55
Subject: Chiropractors; Medicaid
Type: Original
Date: January 29, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$2,556,345)	(\$5,311,108)	(\$5,522,922)
Total Estimated Net Effect on <u>All</u> State Funds	(\$2,556,345)	(\$5,311,108)	(\$5,522,922)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

*Cost and revenues of approximately \$8 million annually net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan**, the **Department of Transportation**, the **Department of Conservation**, the **Department of Insurance**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal would not fiscally impact their agencies.

Department of Social Services (DOS) officials state the proposal would have a fiscal impact on the Division of Medical Services (DMS). DOS states chiropractic services would become a Medicaid covered service under this proposal. DOS estimated the number of potential Medicaid recipients based upon a 1991 Gallup Poll that found 10.1% of adults had used chiropractic services in the past year. DOS assumes the adult Missouri Medicaid population would use chiropractic services at the same rate. DOS assumes that children would use chiropractic services but at a lower rate than adults. A 5% participation rate was assumed. DOS states the current Medicaid population (October 21, 2000) was 350,967 adults and 431,779 children between 0 and 17. DOS projects the number of adult user's of chiropractic services to be 35,448 ($350,967 \times 10\%$) and projects children users of 21,589 ($431,779 \times 5\%$). This totals 57,037. DOS assumes the average number of visits per user would be eleven visits. DOS states that this is based on a Rand Study from 1991 - A Community-Based Study of the use of Chiropractic Services. DOS assumes the chiropractic services would be limited to those procedures currently covered by Medicare. The services would be limited to chiropractic manipulative treatment (CMT) spinal, one to five regions. DOS assumes one x-ray would be allowed each year at an average cost of \$25.64. DOS projects the cost of a visit to be \$18.51. The average rate for the Medicare procedure codes for area 01 were calculated. The average rate was then multiplied by 50% to arrive at the Medicaid cost per visit. DOS states that historically Medicaid rates are originally set at 50% of the Medicare rate. DOS estimates visit costs to be \$11,613,304 and x-ray costs to be \$1,462,429. DOS states that services would be provided by the fee-for-service and managed care programs.

DOS projects the program would begin in January, 2002. This would allow time for regulations to be written, system work to be done, and time for providers to enroll in the Medicaid program. The federal match rate of 61.06% would be used for program expenditures. Additional claims process would result in higher payments to the contractor. DOS projects that 627,407 units of service would be provided ($57,037 \times 11/\text{visits}$). Of these, approximately one-half or 313,704 would be processed by the contractor as fee-for-service claims. The additional claims would result in increased payments to the contractor of \$42,000 in FY 2002 and \$63,000 for the following years. The federal match rate of 75% is used for the IS claims processing.

DOS states there are 1,886 licensed chiropractic physicians in Missouri. If 75% enroll in the Medicaid program additional staff would be needed to handle the increased workload. Currently

ASSUMPTION (continued)

there are 13 staff who handle the enrollment issues and 34,157 providers enrolled in the Medicaid program. This is 2,627 providers per staff member. If 1,415 chiropractors enroll in the Medicaid program, a one-half FTE would be needed. The FTE would be responsible for enrolling the providers, mailing enrollment packets, reviewing applications for accurate and complete information, issuing provider numbers, and updating provider files. DOS assumes the staff would be hired in October, 2001. The federal match rate of 50% is used for staff.

Oversight assumes no additional staff would be required for the enrollment process.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Costs - Department of Social Services</u>			
Medical assistance payments	(\$2,545,845)	(\$5,295,358)	(\$5,507,172)
Contract payments	<u>(\$10,500)</u>	<u>(\$15,750)</u>	<u>(\$15,750)</u>
Total <u>Costs</u> - DOS	<u>(\$2,556,345)</u>	<u>(\$5,311,108)</u>	<u>(\$5,522,922)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$2,556,345)</u>	<u>(\$5,311,108)</u>	<u>(\$5,522,922)</u>
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FEDERAL FUNDS

<u>Income - Department of Social Services</u>			
Medicaid reimbursements	\$4,023,522	\$8,350,654	\$8,682,790

<u>Costs - Department of Social Services</u>			
Medical assistance payments	(\$3,992,022)	(\$8,303,404)	(\$8,635,540)
Contract payments	<u>(\$31,500)</u>	<u>(\$47,250)</u>	<u>(\$47,250)</u>
Total <u>Costs</u> -DOS	<u>(\$4,023,522)</u>	<u>(\$8,350,654)</u>	<u>(\$8,682,790)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses (chiropractors) would be expected to be fiscally impacted due to an ability to gain Medicaid provider status.

DESCRIPTION

This proposal would add the services of licensed chiropractors to the list of medical services authorized for payment under the Medicaid program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Consolidated Health Care Plan
Department of Transportation
Department of Conservation
Department of Insurance
Department of Public Safety
Missouri State Highway Patrol
Department of Social Services



Jeanne Jarrett, CPA
Director

January 29, 2001